

To members of the Assembly and Senate:

I am returning AB 347 without my signature.

AB 347 would authorize the 22nd District Agricultural Association (Del Mar Fair) Board of Directors to approve recruitment and retention differential of up to 35% for its excluded and exempt employees.

This bill would bypass the existing authority for the Department of Personnel Administration to establish recruitment and retention differential in identified high cost-of-living areas. This issue should follow the existing administrative process so the Department can establish the appropriate level of pay differential and whether it is justified. Authorizing these differentials through legislation would establish a dangerous precedent others would be sure to follow. During these times of severe fiscal constraint, it is important that these issues be handled through the appropriate administrative process.

However, I am well aware of the challenges that this very successful fair and nationally acclaimed race track has in paying competitive salaries in the Southern California market. Retaining skilled managers is difficult if an entity cannot provide competitive compensation. I am therefore directing the Department of Personnel Administration to initiate the process of paying suitable retention bonuses to exempt and excluded employees of the Del Mar Fair.

Sincerely,

Arnold Schwarzenegger